

Golden Faith Group Holdings Limited 高豐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2863

Interim Report

2018



Contents

	<i>Page(s)</i>
Corporate Information	2-3
Management Discussion and Analysis	4-11
Biographical Details of Directors	12-15
Other Information	16-18
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Condensed Consolidated Statement of Financial Position	20-21
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Financial Statements	24-34

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yung On Wah (*Chairman*)
Mr. Li Kar Fai, Peter
Mr. Pu Li Wei

Independent Non-executive Directors

Mr. Chan Cho Chak
Mr. Chan Wing Fai
Ir. Yan Wai Yan
Mr. Yeung Wai Lung

AUDIT COMMITTEE

Mr. Yeung Wai Lung (*Chairman*)
Mr. Chan Wing Fai
Mr. Chan Cho Chak
Ir. Yan Wai Yan

REMUNERATION COMMITTEE

Mr. Chan Cho Chak (*Chairman*)
Mr. Yung On Wah
Mr. Li Kar Fai, Peter
Mr. Chan Wing Fai
Ir. Yan Wai Yan
Mr. Yeung Wai Lung

NOMINATION COMMITTEE

Mr. Yung On Wah (*Chairman*)
Mr. Li Kar Fai, Peter
Mr. Chan Wing Fai
Mr. Chan Cho Chak
Ir. Yan Wai Yan
Mr. Yeung Wai Lung

RISK MANAGEMENT COMMITTEE

Mr. Li Kar Fai, Peter (*Chairman*)
Mr. Yung On Wah
Mr. Chan Cho Chak
Mr. Chan Wing Fai
Ir. Yan Wai Yan
Mr. Yeung Wai Lung

COMPANY SECRETARY

Mr. Li Kar Fai, Peter (*CPA*)

AUTHORISED REPRESENTATIVES

Mr. Yung On Wah
Mr. Li Kar Fai, Peter

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office B, 7/F, TLP132
Nos. 132-134 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking
Corporation Limited

WEBSITE ADDRESS

www.goldenfaith.hk

STOCK CODE

2863

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISER

Guoyuan Capital (Hong Kong) Limited

LEGAL ADVISER

As to Hong Kong Law
Hui & Lam LLP
Solicitors, Hong Kong

Management Discussion and Analysis

BUSINESS REVIEW

During the six months ended 31 March 2018, the Group continued to engage in the provision of engineering services in Hong Kong which include electrical and extra-low voltage system works in Hong Kong. As at 31 March 2018, our projects have encompassed a new hospital at Kai Tak, new government offices and a museum in Kowloon West. Revenue from projects in progress during the six months ended 31 March 2018 amounted to approximately HK\$180.6 million.

As at 31 March 2018, the Group submitted tenders for four potential projects.

FINANCIAL REVIEW

Results Analysis

The Group's revenue for the six months ended 31 March 2018 was approximately HK\$180.6 million, representing an increase of approximately HK\$12.7 million or 7.6% as compared to that in the corresponding period in 2017. The increase was mainly attributed to an increase in revenue from projects in progress.

The Group's gross profit for the six months ended 31 March 2018 decreased by approximately HK\$1.0 million which was the net effect of (i) two projects have been delayed with a decrease in gross profit of approximately HK\$5.5 million; and (ii) an increase in gross profit contributed from other projects of approximately HK\$4.5 million. The decrease in average gross profit ratio from approximately 18.2% to approximately 16.4% as projects for new government offices have a relatively lower gross profit ratio.

Other gains and losses

The decrease in other gains and losses was mainly due to gain on disposal of a property recognised of approximately HK\$4.1 million in the six months ended 31 March 2017 while no disposal was made in the six months ended 31 March 2018.

Administrative expenses

For the six months ended 31 March 2018, the administrative expense increased by approximately HK\$3.3 million as compared to the corresponding period in 2017 was mainly due to (i) an increase in staff cost approximately HK\$0.6 million for appointment of six new directors; (ii) an increase in professional fee of approximately HK\$1.7 million for advisory service in relation to statutory and regulatory compliance; and (iii) an increase in consultancy fee of approximately HK\$0.6 million for project management and safety advisory service, information technology consultancy services and quality control accredited certification services.

Management Discussion and Analysis

Finance costs

The Group's finance cost represented interest on finance lease and the decrease in amount was due to repayment of principal amount of finance lease.

Taxation

The effective tax rate for the six months ended 31 March 2018 was approximately 18.8% (2017: 20.3%), the decrease was due to non-deductible listing expenses incurred in the corresponding period in 2017.

Profit and total comprehensive income

For the six months ended 31 March 2018, decrease in profit and total comprehensive income was the net effect of (i) a decrease in gross profit of approximately HK\$1.0 million; (ii) a decrease in other income and other gains and losses of approximately HK\$3.8 million; (iii) an increase in administrative expenses of approximately HK\$3.3 million; (iv) a decrease in listing expenses of approximately HK\$7.3 million; and (v) a decrease in taxation of approximately HK\$0.5 million.

Liquidity, Financial Position and Capital Structure

As at 31 March 2018, the total number of issued Shares of the Company was 540,000,000.

As at 31 March 2018, the Group has bank and cash balance of approximately HK\$134.9 million (30 September 2017: HK\$152.3 million).

As at 31 March 2018, total borrowings of the Group being the balance of obligation under a finance lease were approximately HK\$0.04 million.

The finance lease is a short term loan classified as current liabilities and charged with a fixed interest rate.

The gearing ratio, defined as the ratio of total borrowings less bank and cash balances to equity attributable to owners of the Company was a net cash position (30 September 2017: net cash position).

Management Discussion and Analysis

Foreign Exchange Risk Management

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The Group is not significantly exposed to foreign exchange risk arising from monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective group entities.

The Group currently does not have a foreign currency hedging policy as the foreign exchange risk is considered to be insignificant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

Charges on Assets

As at 31 March 2018, leasehold land and buildings with carrying amount of approximately HK\$2,107,000 (30 September 2017: HK\$2,150,000) has been pledged to secure a banking facility granted to the Group. The carrying value of motor vehicles included an amount of approximately HK\$207,000 (30 September 2017: HK\$259,000) in respect of assets held under finance lease as at 31 March 2018.

Performance Guarantee

As at 31 March 2017, performance guarantee of approximately HK\$5,767,000 was given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance guarantee have been given, such customers may demand the bank to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such bank accordingly. The performance guarantee will be released upon completion of the contract works. The performance guarantees were guaranteed by Mr. Yung. The directors of the Company do not consider it is probable that a claim will be made against the Group as at 31 March 2017. On 31 May 2017, the said performance guarantee was released by the bank and the Group had not entered into other performance guarantees.

As at 29 May 2018, a bank facility of amount HK\$20.0 million was granted to the Group as security for due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 85 long term employees and 399 short term employees. The Group believes its success and long-term growth depend primarily on the quality, performance and commitment of its employees. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Discretionary bonuses and share options are offered to qualified employees based on individual and the Group's performance.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$0.9 million as at 31 March 2018 (30 September 2017: approximately HK\$0.5 million). As at 31 March 2018, the Group did not have any capital commitments (30 September 2017: Nil).

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, the Group did not hold any significant investments as at 31 March 2018.

MATERIAL ACQUISITIONS OR DISPOSALS

The Group did not have any significant material acquisitions or disposals during the six months ended 31 March 2018.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 31 March 2018.

Management Discussion and Analysis

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing, after deducting listing related expenses and underwriting fees, were approximately HK\$56.7 million. After the Listing, part of these proceeds has been applied for the purposes in accordance with the “Future Plans and Use of Proceeds” of the prospectus of the Company dated 31 July 2017 (the “Prospectus”).

An analysis of the intended application of net proceeds as stated in the Prospectus and the actual use of net proceeds from the Listing up to 31 March 2018 are set out below:

	Application of net proceeds as stated in the Prospectus	Actual use of net proceeds	Unused net proceeds
	HK\$'000	HK\$'000	HK\$'000
Provision of performance guarantee (Note 1)	39,800	—	39,800
Recruitment	9,700	1,905	7,795
Induction, tool box training and specific safety training	200	200	—
Computer training	100	—	100
Upgrading the computer system and software	1,500	47	1,453
Upgrading the quality management system obtained under ISO9001	1,500	234	1,266

Note 1: As at 29 May 2018, a bank facility to secure a performance guarantee which was pledged by a bank deposit amounting to HK\$20.0 million has been granted.

Management Discussion and Analysis

The unused amounts of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

The Directors do not anticipate any change to the plan of the use of proceeds as disclosed above. As at 31 March 2018, the unused net proceeds were deposited in licensed banks in Hong Kong.

For further information regarding the use of the Company's proceeds from the public offer, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

PROSPECTS AND OUTLOOK

The Group's primary objective is to strengthen its market position in the electrical and mechanical engineering services industry and capitalise on expansion opportunities in Hong Kong with the following strategies:

- (i) To further strengthen the Group's market position in the electrical and mechanical engineering services industry by paying attention to electrical and mechanical engineering works the Group used to undertake to solidify its existing market share by deploying resources to tender for sizable and profitable electrical and mechanical engineering services projects in Hong Kong, particularly hospital-related projects which it has specialised requisite technical expertise and experience.
- (ii) To further strengthen the Group's manpower which will increase its capacity to cope with expected business growth.
- (iii) To further enhance the Group's work quality and quality management system which will improve its competitiveness and brand image.
- (iv) To enhance the Group's information technology capabilities which will improve its overall operational efficiency.

Management Discussion and Analysis

CORPORATE GOVERNANCE PRACTICES

The Board has always recognized the importance of shareholders' accountability and transparency and is committed to maintaining high standards of corporate governance. The Company has, throughout the six months ended 31 March 2018, applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules except for the following deviations.

Code provision A.1.3 of the CG Code requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the six months ended 31 March 2018, certain regular Board meetings were convened with less than 14 days' notice in order to enable the Board members to react timely and carry out expeditious decision making in respect of certain business matters which were significant to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company did not officially have a position of chief executive officer and Mr. Yung On Wah, the Chairman of the Board, provides leadership to the Board to ensure that the Board works effectively and all important issues are discussed in the regular monthly Board meeting. The day-to-day management of the Group's business is handled by the Executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations. The Board will continue to review the effectiveness of the Group's structure as business continues to grow in order to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Management Discussion and Analysis

Code provisions C.2.5 of the CG Code requires that the Company should have an internal audit function. The Company does not establish a standalone internal audit department. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting an financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations and (ii) the Company has appointed an external consultant to perform periodic review of the internal control system of the Company. The current practices will be reviewed and updated regularly so that the latest development in corporate governance can be followed and observed.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transaction by Directors. The Company, having made specific enquiry, confirms that all Directors have complied with the Model Code throughout the six months ended 31 March 2018.

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the risk management and internal control systems and financial reporting matters of the Company. The audit committee of the Company has reviewed the Group's condensed consolidated financial statements for the six months' ended 31 March 2018, including the accounting principles and practices adopted by the Group.

As at 31 March 2018, the Audit Committee comprised four Independent Non-executive Directors, namely Mr. Yeung Wai Lung (Chairman), Mr. Chan Wing Fai, Mr. Chan Cho Chak and Ir. Yan Wai Yan. No member of the Audit Committee is a member of the former or existing auditor of the Company.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 31 March 2018 have not been audited, but have been reviewed by the audit committee of the Company.

Biographical Details of Directors

EXECUTIVE DIRECTORS

Mr. Yung On Wah (翁安華), aged 63, is our executive Director, Chairman and Managing Director. Mr. Yung is responsible for the overall strategic management and development of our Group's business operations, marketing, business development and finance. Mr. Yung has more than 25 years of experience in the E&M engineering services industry.

Mr. Yung commenced working as an apprentice and has gained extensive working experience. Eventually, he established and operated CCCL in June 1987, and CEEL in February 2010, respectively. Please refer to the section headed "History, Development and Reorganisation" in the prospectus of the Company dated 31 July 2017 for details.

During the Track Record Period, Mr. Yung was a director of Cornwall (Building Services) Engineering Limited, a company incorporated in Hong Kong on 11 March 2013 with an aim to conduct business operations in the field of E&M engineering commissioning and testing. The said company had not carried out business dealings previously, and was dissolved via deregistration on 11 March 2016. Our Directors (including our independent non-executive Directors) confirm that our Group had no previous business dealings with the said company, and has been operating independently from the said company.

Mr. Li Kar Fai Peter (李嘉輝), aged 53, is our executive Director and the Group Chief Financial Officer of our Group. Mr. Li was appointed as our Director on 23 November 2016, was re-designated as our executive Director and Group Chief Financial Officer on 14 December 2016, and is responsible for the finance related matters of our Group. Mr. Li was appointed as our company secretary on 23 November 2016.

Mr. Li has over 20 years of experience in auditing, corporate finance and accounting. Prior to joining our Group, he worked as a Staff Accountant with Price Waterhouse Company in August 1987, and left Price Waterhouse Company as an Audit Manager in May 1995. While working for Price Waterhouse Company, he had an opportunity to familiarise himself with the auditing and accountancy procedures employed by a wide range of companies in Hong Kong. From November 1997 to June 2001, he worked with Asia Aluminum Manufacturing Company Limited as a senior financial manager and company secretary. From February 2002 to February 2006 and from March 2007 to October 2011, he worked with Inno-Tech Holdings Limited (a company listed on GEM, stock code: 8202) as a qualified accountant and company secretary. From January 2016 to March 2016, he worked as the financial controller of Glory Flame Holdings Limited (a company listed on GEM, stock code: 8059).

Biographical Details of Directors

Mr. Li is, currently, an independent non-executive director of Asia Coal Limited (a company listed on the Main Board, stock code: 835) since March 2006. He was an independent non-executive director of China Hanya Group Holdings Limited (formerly known as Brilliance Worldwide Holdings Limited) (a company listed on GEM, stock code: 8312) from November 2010 to May 2016, and Super Strong Holdings Limited (a company listed on GEM, stock code: 8262) from March 2016 to March 2017. Mr. Li obtained a Bachelor of Arts degree in Accountancy from the City Polytechnic of Hong Kong in November 1992, and has become an associate member of the HKICPA (formerly known as the Hong Kong Society of Accountants) since September 1997.

Mr. Pu Li Wei (濮立偉), aged 44, holds a bachelor degree in accountancy from Zhejiang University in the PRC. Mr. Pu has more than 20 years of experience in accounting, finance and administration. Prior to joining the Group, he worked in several listed companies in Hong Kong playing key financial positions. From 1995 to 1997, Mr. Pu worked as a senior accounting officer in Asia Commercial Holdings Limited, (stock code 104). From 1998 to 2000, Mr. Pu acted as chief accountant in Perennial International Limited, (stock code 725). In 2001, Mr. Pu joined Philco Air-conditions (Hefei) Company Limited as the senior accountant. From 2002 to 2007, Mr. Pu joined Green Energy Group Limited, (stock code 979) as Group finance manager. From 2008 to 2015, Mr. Pu was a financial controller of China Hanya Group Holdings Limited, (stock code 8312). Mr. Pu is currently working in a supermarket group in Dongguan City of Guangdong Province as an assistant to its chairman taking charge on financial related matters.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Cho Chak (陳祖澤), aged 55, is our independent non-executive Director. Mr. Chan was appointed as our independent non-executive Director on 21 July 2017, and is responsible for attending to the supervision of, and provision of independent judgment to, our Board.

Mr. Chan obtained a Professional Diploma in Accountancy from Hong Kong Polytechnic in November 1986. He became an associate of the HKICPA (formerly known as the Hong Kong Society of Accountants) in April 1992, an associate of the Association of Chartered Certified Accountants (formerly known as the Chartered Association of Certified Accountants) in October 1989, and a fellow thereof in October 1994. He is, currently, a practising member of the HKICPA.

Mr. Chan has more than 20 years of professional experience in public accounting and company secretarial work. Prior to joining our Group, he worked as an Audit Assistant with Price Waterhouse Company in August 1986, and left Price Waterhouse Company as a Senior Consultant in July 1989. He founded Chan Fan & Co., Certified Public Accountants, in January 1995, and is currently a partner thereof.

Biographical Details of Directors

Mr. Chan Wing Fai (陳永輝), aged 40, is our independent non-executive Director. Mr. Chan was appointed as our independent non-executive Director on 21 July 2017, and is responsible for attending to the supervision of, and provision of independent judgment to, our Board.

Mr. Chan obtained a Bachelor of Business Administration degree (with honors) from Lingnan University in December 2001. He became a member of the Association of Chartered Certified Accountants in December 2004, a fellow thereof in December 2009, an associate of the HKICPA in April 2006, and an associate of the Taxation Institute of Hong Kong in July 2010. He is, currently, a practising member of the HKICPA, and a Member of the Taxation Institute of Hong Kong.

Mr. Chan has more than 15 years' professional experience in public accounting and secretarial work. He worked as an Audit Assistant with Anderson Li & Ho CPA in September 2001, and left Anderson Li & Ho CPA in August 2004 as an Audit Semi-Senior. From October 2004, he worked as an Audit Senior with CCIF CPA Limited. From July 2007, he worked as an Audit Senior with Moore Stephens Associates Limited. He rejoined CCIF CPA Limited as a Deputy Manager in January 2009. From January 2013 onwards, He worked as an Accountant with China Environmental Technology Holdings Limited (a company listed on the Main Board, stock code: 646). Mr. Chan started practicing under his own name Chan Wing Fai certified public accountant (practising), as a Certified Public Accountant from May 2014 onwards. From September 2014 to June 2015, he was the Company Secretary of Jin Bao Bao Holdings Limited (a company listed on the Main Board, stock code: 1239).

Mr. Chan is currently an independent non-executive director of China Financial Services Holdings Limited (a company listed on the Main Board, stock code: 605).

Ir. Yan Wai Yan (殷偉仁), aged 55, is our independent non-executive Director. Ir. Yan was appointed as our independent non-executive Director on 21 July 2017, and is responsible for attending to the supervision of, and provision of independent judgment to, our Board.

Ir. Yan obtained a Bachelor Degree in Mechanical Engineering from Sunderland Polytechnic in June 1989, and a Master of Science degree in Mechanical Engineering from the University of Hong Kong in December 2003.

Biographical Details of Directors

Ir. Yan holds various professional qualifications in the engineering industry. He became a member of the Chartered Institution of Building Services Engineers in November 1993, a Chartered Engineer of the Engineering Council in February 1994, a member of the Hong Kong Institution of Engineers in April 1994, a Registered Professional Engineer of the Engineers Registration Board in July 1995, and a Registered Energy Assessor of the EMSD in June 2012. He is, currently, a Registered Professional Engineer under the Engineers Registration Board, and a Registered Energy Assessor of the EMSD.

Ir. Yan has been a director of Leading Consulting Engineers Ltd, a company he set up in September 2003.

Mr. Yeung Wai Lung (楊懷隆), aged 56, is our independent non-executive Director. Mr. Yeung was appointed as our independent non-executive Director on 21 July 2017, and is responsible for attending to the supervision of, and provision of independent judgment to, our Board.

Mr. Yeung obtained a Bachelor of Arts degree in Accountancy from the City Polytechnic of Hong Kong in December 1994, and a Diploma in Legal Studies from School of Professional and Continuing Education, the University of Hong Kong in July 2006. He became a member of the Institute of Internal Auditors in January 1997, and was designated as a Certified Fraud Examiner by the Association of Certified Fraud Examiners in November 1997.

Mr. Yeung has more than 25 years of experience in audit work. He worked as an audit assistant with KPMG Peat Marwick (then known as Peat Marwick Mitchell & Co.) in August 1987, and left KPMG Peat Marwick as an accountant in August 1990. From August 1990 to April 2007, he worked with 3M Hong Kong Limited as an Audit Manager. From December 2007 to January 2011, he worked with New Macau Landmark Management Limited as an internal audit manager. From September 2011 to August 2016, he worked with SML Group Limited as an internal audit director.

Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2018, the interests of the Directors and chief executives and their associates of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Directors	Number of shares/ underlying shares held			% of the total number of issued shares of the Company
	Personal interests	Corporate interests	Total	
Yung On Wah	212,500,000 <i>(Note 1)</i>	212,500,000	212,500,000	39.35

Note:

1. These shares are held by Superior Ace Investments Limited which is wholly-owned by Mr. Yung On Wah.

Save as disclosed above, none of the Directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 March 2018, as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 31 March 2018 was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Other Information

SHARE OPTION SCHEME

Details of the Share Option Scheme are set out in the published annual report of the Company for the year ended 30 September 2017.

As at 31 March 2018, no option had been granted or agreed to be granted under the Share Option Scheme.

There was no outstanding share option throughout the six months ended 31 March 2018 and as at 31 March 2018.

DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

Save as disclosed in the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures” above, as at 31 March 2018, the following corporation, other than a Director or chief executive of the Company, had the following interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity	Long/Short position	Number of shares held	% of the total number of issued shares of the Company
Superior Ace Investments Limited (Note 1)	Beneficial owner	Long position	212,500,000	39.35
Greatly Success Investment Trading Limited (Note 2)	Beneficial owner	Long position	192,500,000	35.65

Notes:

1. Superior Ace Investments Limited is wholly-owned by Mr. Yung On Wah who is the Chairman and an Executive Director of the Company.
2. Greatly Success Investment Trading Limited is wholly-owned by Mr. Ko Chun Hay Kelvin.

Other Information

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 31 March 2018.

On behalf of the Board

Yung On Wah

Chairman

Hong Kong, 29 May 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 March 2018

		Six months ended 31 March	
		2018	2017
<i>NOTES</i>		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	180,566	167,823
Costs of sales		(150,989)	(137,245)
		29,577	30,578
Gross profit			
Other income	4	238	1
Other gains and losses	4	(9)	4,056
Administrative expenses		(9,769)	(6,434)
Listing expenses		—	(7,300)
Finance costs	5	(2)	(6)
		20,035	20,895
Profit before taxation			
Taxation	6	(3,762)	(4,234)
		16,273	16,661
Profit and total comprehensive income for the period	7		
		0.03	0.04
Earnings per share	8		
Basic (HK\$)			

Condensed Consolidated Statement of Financial Position

At 31 March 2018

	NOTES	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	2,982	3,146
Deferred tax assets		79	79
Deposits and prepayments	12	22	22
		3,083	3,247
Current assets			
Trade receivables	11	7,806	8,714
Other receivables, deposits and prepayments	12	2,525	7,640
Amounts due from customers for contract work	13	74,740	48,250
Bank balances and cash		134,877	152,330
		219,948	216,934
Current liabilities			
Trade payables	14	26,111	10,988
Other payables and accrued charges	15	18,601	19,214
Amounts due to customers for contract work	13	—	13,883
Amount due to a shareholder	16	—	5,554
Tax liabilities		1,708	10,130
Obligation under a finance lease		38	112
		46,458	59,881
Net current assets		173,490	157,053
Total assets less current liabilities		176,573	160,300

Condensed Consolidated Statement of Financial Position

At 31 March 2018

	<i>NOTES</i>	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
Non-current liabilities			
Provisions		943	943
		943	943
Net assets		175,630	159,357
Capital and reserves			
Share capital	17	5,400	5,400
Reserves		170,230	153,957
Equity attributable to owners of the Company		175,630	159,357

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2018

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 October 2016 (audited)	—	—	20,955	57,411	78,366
Profit and total comprehensive income for the period	—	—	—	16,661	16,661
Dividends declared	—	—	—	(23,000)	(23,000)
Issuance of shares	—	25,000	(15,000)	—	10,000
At 31 March 2017 (unaudited)	—	25,000	5,955	51,072	82,027
At 1 October 2017 (audited)	5,400	91,228	5,955	56,774	159,357
Profit and total comprehensive income for the period	—	—	—	16,273	16,273
At 31 March 2018 (unaudited)	5,400	91,228	5,955	73,047	175,630

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2018

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	(11,718)	19,043
Net cash from (used in) investing activities	(106)	6,114
Net cash (used in) financing activities	(5,629)	(16,751)
Net (decrease) increase in cash and cash equivalents	(17,453)	8,406
Cash and cash equivalents at beginning of the period	152,330	36,728
Cash and cash equivalents at end of the period, represented by bank balances and cash	134,877	45,134

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

1. GENERAL

The Company is incorporated and registered as an exempted company incorporated in the Cayman Islands on 12 October 2016 and its shares were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 August 2017. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is Office B, 7/F, TLP132, Nos. 132-134 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. The immediate and ultimate holding company of the Company is Superior Ace Investment Limited ("Superior Ace") which is incorporated in the British Virgin Islands (the "BVI"). The ultimate controlling party is Mr. Yung On Wah ("Mr. Yung").

The Company is an investment holding company. The Group's principal activity is the provision of electrical engineering services in Hong Kong.

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganisation ("Reorganisation") detailed in note 2 of the published annual report of the Company for the year ended 30 September 2017, the Company has become the holding company of the companies now comprising the Group on 24 November 2016. The Company and its subsidiaries have been under the common control of Mr. Yung before and after the Reorganisation, or since their respective dates of incorporation, where there is a shorter period.

Accordingly, the condensed consolidated financial statements have been prepared using the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" (the "Accounting Guideline 5") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Group has consistently adopted all Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are effective for the Group's accounting period beginning on 1 October 2016 for both current and prior period. In addition, the condensed consolidated financial statements include applicable disclosures required by the Rules Govern the Listing of Securities on the Stock Exchange ("Listing Rules").

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The condensed consolidated financial statements have been prepared on the historical cost which is generally based on fair value of the consideration given in exchange for goods or services.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA.

Amendments to Hong Kong Accounting Standards (“HKAS”) 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the engineering services provided by the Group to external customers. The Group’s operations is solely derived from engineering services in Hong Kong. Accordingly, the Group presents only one single operating segment and no further analysis is presented.

Geographical information

No geographical information is presented as the Group’s revenue are all derived from Hong Kong based on the location of services delivered and the Group’s property, plant and equipment are all located in Hong Kong by physical location of assets.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the period is as follows:

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	119,452	22,597
Customer B	41,644	24,789
Customer C	19,413	59,360

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income:		
Interest income	5	1
Other	233	—
	238	1

	Six months ended 31 March	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other gains and losses:		
Gain on disposal of property, plant and equipment	—	4,105
Net exchange loss	(9)	(49)
	(9)	4,056

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

5. FINANCE COSTS

	Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest on finance lease	2	6

6. TAXATION

	Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Hong Kong Profits Tax	3,762	4,234

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Profit and total comprehensive income for the period has been arrived at after charging:		
Staff cost:		
Directors' remuneration	1,291	709
Other staff costs	19,385	18,568
Contribution to retirement benefit schemes	536	532
	21,212	19,809
Depreciation of property, plant and equipment	270	317
Minimum lease payments in respect of office premises	518	332
Listing expenses	—	7,300

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

8. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the following data:

Earnings

	Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	16,273	16,661

Number of shares

	Six months ended 31 March	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	540,000	405,495

The weighted average number of ordinary shares for 2017 for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue had been effective on 1 October 2016.

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 March 2018, the Group paid approximately HK\$106,000 (2017: HK\$66,000) for acquisition of furniture and equipment.

10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 31 March 2018. The directors of the Company do not recommend the payment of an interim dividend.

11. TRADE RECEIVABLES

The Group grants credit terms of 0 to 30 days to its customers from the date of invoices on progress payments of engineering service works. An ageing analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
0 – 30 days	1,469	5,350
31 – 60 days	6,317	3,344
Over 180 days	20	20
	7,806	8,714

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

12. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
Rental and other deposits	229	251
Deposits for materials purchase	679	5,212
Prepayments and others	1,639	2,199
	2,547	7,662
	22	22
Presented as non-current assets	2,525	7,640
Presented as current assets	2,547	7,662
Total	2,547	7,662

13. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	1,310,525	1,129,952
Less: Progress billings	(1,235,785)	(1,095,585)
	74,740	34,367
Analysed as:		
Amounts due from customers for contract work	74,740	48,250
Amounts due to customers for contract work	—	(13,883)
	74,740	34,367

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

14. TRADE PAYABLES

The credit period on purchases and subcontracting of contract work services is 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
0 – 30 days	17,447	7,036
31 – 60 days	8,664	3,144
61 – 90 days	–	806
Over 90 days	–	2
	26,111	10,988

15. OTHER PAYABLES AND ACCRUED CHARGES

	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
Accrued charges for engineering service	1,040	1,119
Retention payables (<i>Note</i>)	1,022	2,361
Accrued payroll and bonus	15,581	12,838
Other accrued charges	958	2,896
	18,601	19,214

Note: Retention payables to subcontractors of contract works are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of respective engineering service projects.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

16. AMOUNT DUE TO A SHAREHOLDER

Amount represents Mr. Yung, made short-term advances to the Group for its working capital requirement in respect of its operations. Details of amount due to a shareholder, which are non-trade nature, unsecured, interest-free and repayable on demand, are as follows:

	31 March 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
Mr. Yung	—	5,554

17. SHARE CAPITAL

	Number of shares '000 (Unaudited)	Amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each		
Authorised: At 31 March 2018	10,000,000	100,000
Issued and fully paid: At 31 March 2018	540,000	5,400

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

18. PLEDGE OF ASSETS

As at 31 March 2018, the Group has pledged one premise (30 September 2017: one premise) to secure the bank borrowings and banking facilities granted to the Group.

19. PERFORMANCE GUARANTEE

As at 31 March 2017, performance guarantee of approximately HK\$5,767,000 was given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance guarantee have been given, such customers may demand the bank to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate the bank accordingly. The performance guarantee will be released upon completion of the contract works. The performance guarantees were guaranteed by Mr. Yung. The directors of the Company do not consider it is probable that a claim will be made against the Group as at 31 March 2017. On 31 May 2017, the performance guarantee was released by the bank.

As at 29 May 2018, a bank facility of amount HK\$20.0 million was granted to the Group as security for due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers.

20. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has entered into the following related party transactions:

	Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Consulting fee paid to Mr. Yung's spouse	—	323

As at 31 March 2018 and 2017, personal guarantee of approximately HK\$13,368,000 was given by Mr. Yung in favour of the Group's customer directly for the due performance of the Group's obligation under the contracts entered into between the Group and its customer.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 March 2018

20. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 31 March 2018 and 2017 are as follows:

	Six months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Salaries and other benefits	1,942	1,828
Performance and discretionary bonus	470	550
Retirement benefit scheme contributions	40	27
	2,452	2,405